

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1250 - SB 1249**

March 13, 2017

**SUMMARY OF BILL:** Establishes a new pay schedule for assistant district attorneys and reclassifies assistant district attorneys hired before July 1, 1994, who have 20 years of credible service. Reinstates the service credit of assistant district attorneys for the suspended salary increases that occurred from July 1, 2003, to June 30, 2004, and from July 1, 2009, to June 30, 2010.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$12,007,100**

**Increase Federal Expenditures - \$26,300**

Assumptions:

*Updated Pay Schedule*

- The proposed legislation changes the statutory pay schedule for assistant district attorneys under Tenn. Code Ann. § 8-7-226 as follows:

	<b>Current</b>	<b>Proposed</b>
Entry level	\$40,440	\$55,700
after one (1) year	42,984	58,688
after two (2) years	45,540	61,688
after three (3) years	48,084	64,688
after four (4) years	50,628	67,712
after five (5) years	53,172	70,676
after six (6) years	55,716	73,676
after seven (7) years	58,260	76,688
after eight (8) years	60,816	79,712
after nine (9) years	63,360	82,676
after ten (10) years	65,904	85,688

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after eleven (11) years	68,424	88,676
after twelve (12) years	70,956	91,640
after thirteen (13) years	73,500	94,640
after fourteen (14) years	76,020	97,616
after fifteen (15) years	78,576	100,604
after sixteen (16) years	81,096	103,604
after seventeen (17) years	83,402	106,316
after eighteen (18) years	85,650	108,956
after nineteen (19) years	87,799	111,488
after twenty (20) years	89,832	113,888
after twenty-one (21) years	92,832	117,392
after twenty-two (22) years	95,850	120,980
after twenty-three (23) years	99,000	124,688
after twenty-four (24) years	102,500	128,816
after twenty-five (25) years	106,000	132,920

- Data from the District Attorneys General Conference (DAGC) indicates that the new schedule will apply to 462 current assistant district attorneys. The proposed legislation will result in an average salary increase of \$20,903.
- The proposed legislation will increase recurring state expenditures by \$11,259,313  $\{[\$20,903 + (\$20,903 \times 0.0894 \text{ benefits}) + (\$20,903 \times 0.0765 \text{ FICA})] \times 462\}$ .
- Under Tenn. Code Ann. § 8-7-226(a), assistant district attorneys are compensated according to a pay schedule which is based on credible service. However, credible service was not recognized for FY03-04 and FY09-10.

#### *Reclassifying Assistant District Attorneys*

- The proposed legislation requires assistant district attorneys hired before July 1, 1994, and with 20 credible service years, to be reclassified under the proposed pay schedule.
- Some of the assistant district attorneys that would be reclassified are on the Superseded Attorney General's Retirement System. The proposed legislation will impact their retirement benefits.
- The retirees' benefits equal 3.75 percent multiplied by the benefit base multiplied by the years of credible service. The benefit base is the annual salary the retirees would have received had they continued in the position from which they retired.
- The Tennessee Consolidated Retirement System (TCRS) reports that there are 34 retired members in the Superseded Attorneys General Retirement Plan. The average increase in retirement benefits is \$3,096 per person per year.
- The proposed legislation will increase the retirees' retirement benefits by \$105,264  $(\$3,096 \times 34 \text{ members})$  per year. According to the TCRS, retirement benefits for these

positions are funded 75 percent with state funding and 25 percent with federal funding. It is assumed that a recurring appropriation from the General Fund will be required to fund the state portion of such retirement benefits. The recurring increase in state expenditures from the General Fund is estimated to be \$78,948 ( $\$105,264 \times 75.0\%$ ). The recurring increase in federal expenditures is estimated to be \$26,316 ( $\$105,264 \times 25.0\%$ ).

#### *Reinstatement of Service Credits*

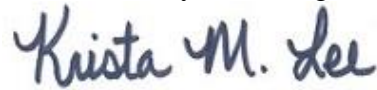
- The proposed legislation would reinstate the credible service for FY03-04 and FY09-10.
- The proposed legislation will apply to 88 assistant district attorneys and will increase their base salary by an estimated \$435,576. Some assistant district attorneys will hit their maximum salary base and will begin collecting longevity because of the proposed legislation. This longevity totals \$73,800. Benefits must be paid on the increased salary base and on the longevity.
- The total recurring increase in state expenditures as a result of the proposed legislation is estimated to be \$668,811 [ $\$435,576 + (\$435,576 \times 0.2365) \text{ benefits} + (\$435,576 \times 0.0765) \text{ FICA} + \$73,800 + (\$73,800 \times 0.2365) \text{ benefits} + (\$73,800 \times 0.0765) \text{ FICA}$ ].

#### *Total Impact*

- The proposed legislation will increase recurring state expenditures from the General Fund by \$12,007,072 ( $\$11,259,313 + \$78,948 + \$668,811$ ).
- The proposed legislation will increase recurring federal expenditures by \$26,316.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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